

Revision of Financial Forecasts for the Fiscal Year Ending March 31, 2016

February 29, 2016

NEC Corporation

(<http://jpn.nec.com/ir/en>)

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Net Income Forecasts

* Net income (forecast) for fiscal year ending March 31, 2016 refers to profit attributable to owners of the parent for the same period

Revision of Financial Forecasts (consolidated)

	FY16/3 Full Year			(Billions of Yen)	
	Previous Forecasts (A)	Revised Forecasts (B)	Variance (B-A)	Previous Fiscal Year (FY15/3)	YoY
Net Sales	3,100.0	2,900.0	-200.0	2,935.5	-1.2%
Operating Income	135.0	100.0	-35.0	128.1	-28.1
% to Net Sales	4.4%	3.4%		4.4%	
Ordinary Income	120.0	85.0	-35.0	112.1	-27.1
% to Net Sales	3.9%	2.9%		3.8%	
Net Income	65.0	65.0	0.0	57.3	+7.7
% to Net Sales	2.1%	2.2%		2.0%	
Free Cash Flow	80.0	60.0	-20.0	40.4	+19.6

* Previous Forecasts : as of January 28, 2016. Revised Forecasts : as of February 29, 2016

Reasons for Revision of Financial Forecasts

(Billions of Yen)

Net Sales 2,900.0 (-200.0)

- Public (-65.0) : Delay of large-scale projects into the next fiscal year
Loss or postponement of prospective projects
- Telecom Carrier (-70.0) : Investment restraint in the Japanese market
Slower growth in overseas business
- Others (-65.0) : Weaker sales in the energy business

Operating Income 100.0 (-35.0)

- Public (-24.0) : Sales decrease and loss-making projects
- Telecom Carrier (-23.0) : Sales decrease and loss-making projects
- Others (-10.0) : Sales decrease and deterioration of profitability in the energy business

Ordinary Income 85.0 (-35.0)

- Decrease in operating income

* Forecasts as of February 29, 2016. Numbers in () represent variances from the previous forecasts (January 28, 2016).

Sales and Operating Income/Loss Forecasts by Segment

(Billions of Yen)

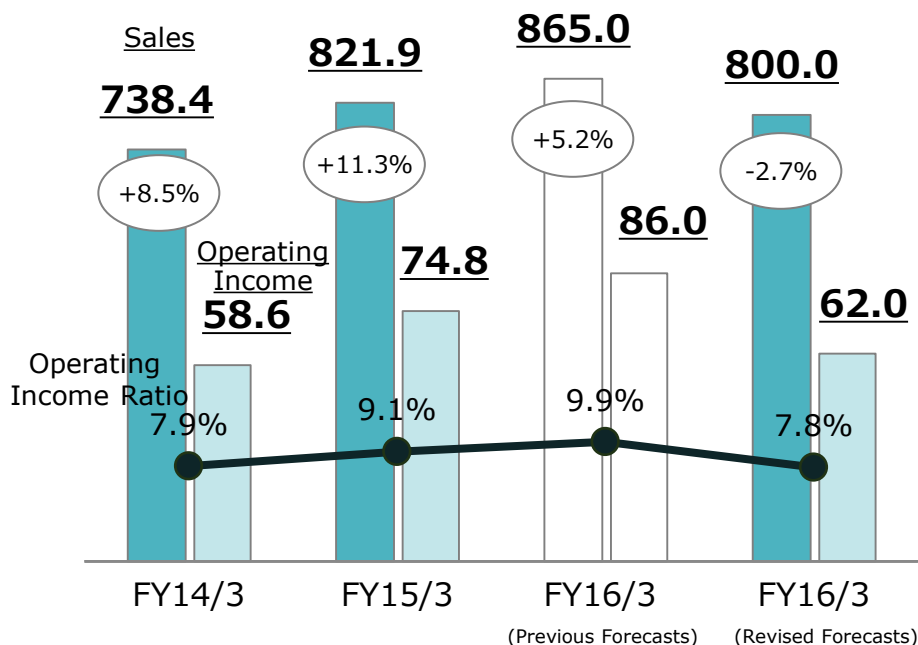
		FY16/3 Full Year			Previous Fiscal Year (FY15/3)	YoY
		Previous Forecasts (A)	Revised Forecasts (B)	Variance (B-A)		
Public	Net Sales	865.0	800.0	-65.0	821.9	-2.7%
	Operating Income	86.0	62.0	-24.0	74.8	-12.8
	% to Net Sales	9.9%	7.8%		9.1%	
Enterprise	Net Sales	290.0	307.0	+17.0	270.5	+13.5%
	Operating Income	11.0	20.0	+9.0	8.3	+11.7
	% to Net Sales	3.8%	6.5%		3.1%	
Telecom Carrier	Net Sales	780.0	710.0	-70.0	740.2	-4.1%
	Operating Income	64.0	41.0	-23.0	62.0	-21.0
	% to Net Sales	8.2%	5.8%		8.4%	
System Platform	Net Sales	760.0	743.0	-17.0	728.9	+1.9%
	Operating Income	33.0	36.0	+3.0	31.4	+4.6
	% to Net Sales	4.3%	4.8%		4.3%	
Others	Net Sales	405.0	340.0	-65.0	374.1	-9.1%
	Operating Income/Loss	4.0	-6.0	-10.0	4.0	-10.0
	% to Net Sales	1.0%	-1.8%		1.1%	
Adjustment	Operating Income/Loss	-63.0	-53.0	+10.0	-52.4	-0.6
Total	Net Sales	3,100.0	2,900.0	-200.0	2,935.5	-1.2%
	Operating Income	135.0	100.0	-35.0	128.1	-28.1
	% to Net Sales	4.4%	3.4%		4.4%	

* Previous Forecasts : as of January 28, 2016. Revised Forecasts : as of February 29, 2016

Public (Variance from Jan 28 Forecasts)

(Billions of Yen)

YoY



Sales 800.0 (-65.0)

- Delay of large-scale projects in the aerospace and defense areas into the next fiscal year
- Loss or postponement of prospective projects such as international projects in the social infrastructure areas

Operating Income 62.0 (-24.0)

- Sales decrease and loss-making projects



<Towards subsequent fiscal years>

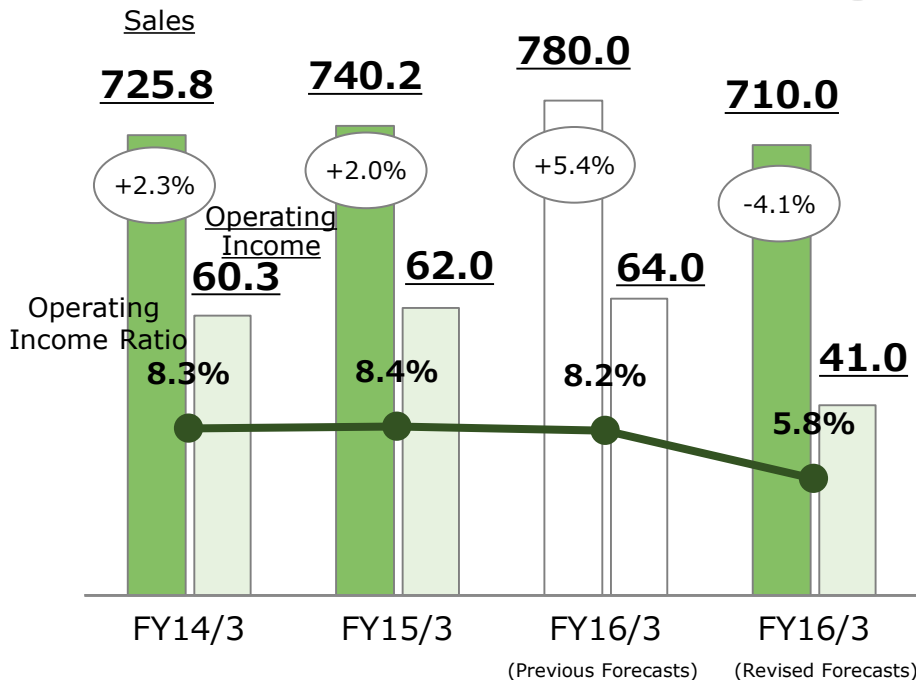
Grow in cyber security or other new areas;
Control projects thoroughly

* Forecasts as of February 29, 2016. Numbers in () represent variances from the previous forecasts (January 28, 2016).

Telecom Carrier (Variance from Jan 28 Forecasts)

(Billions of Yen)

YoY



Sales 710.0 (-70.0)

- Investment restraint in the Japanese market
- Weaker sales in the international market especially in new businesses such as SDN, despite positive growth year-on-year

Operating Income 41.0 (-23.0)

- Sales decrease and loss making projects in the international market



<Towards subsequent fiscal years>

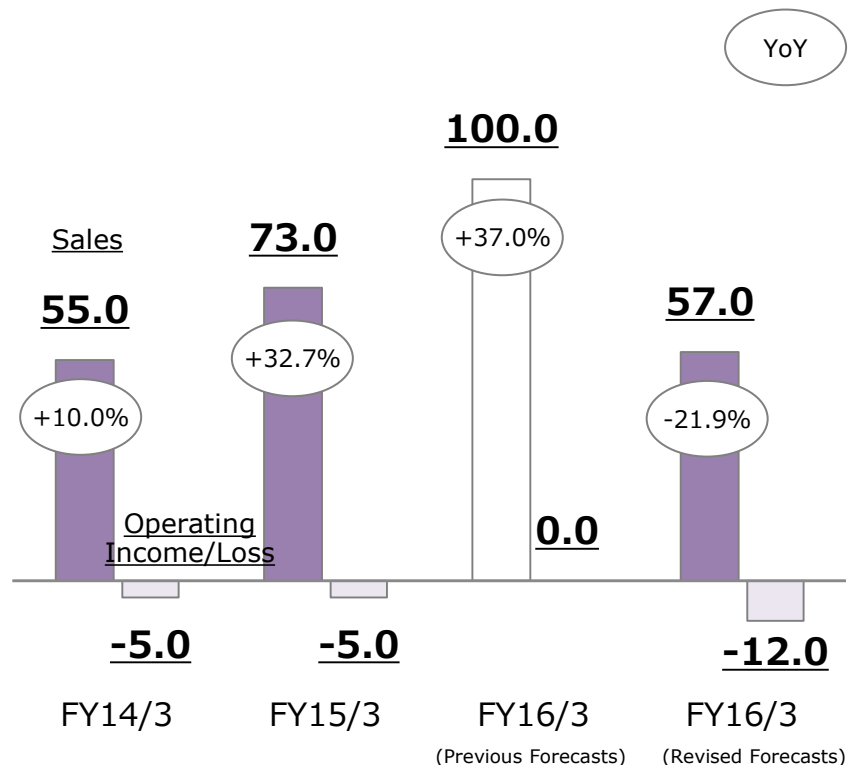
Expand global business through SDN/NFV;
Maintain the top position in the Japanese market

* SDN : Software-Defined Networking
NFV : Network Functions Virtualization

** Forecasts as of February 29, 2016. Numbers in () represent variances from the previous forecasts (January 28, 2016).

Energy (Others) (Variance from Jan 28 Forecasts)

(Billions of Yen)



Sales 57.0 (-43.0)

- Weaker sales of small/large scale energy storage systems, as well as solutions for new entrants in electric power provider
- Investment restraint by electric power companies

Operating Income/Loss -12.0 (-12.0)

- Sales decrease, as well as deterioration of profitability of energy storage systems

<Towards subsequent fiscal years>

Redefine the business strategy of small/large scale energy storage systems

* Forecasts as of February 29, 2016. Numbers in () represent variances from the previous forecasts (January 28, 2016).

Decrease of tax expense as disclosed today in the press release “NEC announces debt waiver of a consolidated subsidiary*”

(* NEC Mobile Communications, Ltd.)



Forecasts for net income (¥65 billion) and a year-end dividend (¥6) remain unchanged from previous announcement.

* Previous Forecasts : as of January 28, 2016. Revised Forecasts : as of February 29, 2016

\Orchestrating a brighter world

NEC brings together and integrates technology and expertise to create the ICT-enabled society of tomorrow.

We collaborate closely with partners and customers around the world, orchestrating each project to ensure all its parts are fine-tuned to local needs.

Every day, our innovative solutions for society contribute to greater safety, security, efficiency and equality, and enable people to live brighter lives.

 **Orchestrating** a brighter world

NEC

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Note: The consolidated financial statements in this presentation have been prepared in conformity with the Japanese GAAP. In this presentation, the accounting periods of the fiscal years for March 31, 2014 and 15 were referred as FY14/3 and FY15/3 respectively. Any other fiscal years would be referred similarly.